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THE ASSISTANT SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

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JUN 19 1967

Mr. Joseph A. Greenwald
Deputy Assistant Secretary
for International Trade Policy
Department of State
Washington, D.C. 20520

Dear Joe:

Communications Equipment (IL 1523a) to Eastern Europe

Your letter of June 12 indicates that your Department plans to move now to notify the United Kingdom that the United States will not object to any COCOM exception case for export to Eastern Europe and the USSR of the frequency division multiplex communications equipment that the United Kingdom proposed for removal from embargo, if the recipient government provides an assurance of peaceful end-use. I still believe, however, as I advised you in my letter of June 7, that our security concern about this equipment extends to Eastern Europe, as well as Communist China, and that now is not the time to forego the security safeguards provided by our review of COCOM exception cases.

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Your letter explains that your Department believes there are overriding foreign policy considerations in this case that justify this action. It is not my intention to assert that there may not be foreign policy considerations that could be overriding. The foreign policy benefits cited in your letter, however, do not impress me as being overriding by themselves. There are, I believe, additional quid pro quos that can be secured from other governments, which could be considered of overriding consequence when added to those you now envisage. These additional benefits can be obtained by utilizing the bargaining value of this proposed concession in negotiations with governments other than the United Kingdom, bilaterally or collectively.

In this regard, I should like to call the following to your attention. A number of COCOM participating governments, other than the United Kingdom, have proposed relaxation changes in this embargo item. During the COCOM List Review discussions, the French Delegate offered specific concessions as an inducement to the United States Delegate to agree with his government's proposal. It is worth noting, also, that the French proposal represented a far more modest revision than that which State now proposes to give the United Kingdom.

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During this latest COCOM List Review, a substantial number of U.S. proposals for tightening the COCOM embargo of various items failed only because of French vetoes. Before State proceeds with the proposed concession to the British, therefore, we urge that an attempt be made to obtain strategically significant quid pro quo from the French for the same proposed concession. Among items worthy of consideration in this connection is structural sandwich constructions, which the United States proposed for addition to the COCOM embargo list because of its vital significance in advanced aerospace applications.

Belgium, West Germany, and Japan also produce multiplex communications equipment, and each of them has a keen interest in relaxing controls over this item. We urge that an effort be made to identify the items and proposals on which the cooperation of these governments should be sought by way of quid pro quo and further advancement of U.S. security trade objectives.

Accordingly, Joe, I hope you will seek the broader range of quid pro quos suggested in this letter rather than sending your proposed letter to the Commercial Counselor of the British Embassy.

Yours sincerely,

(signed) Lawrence C. McQuade

Lawrence C. McQuade
Acting Assistant Secretary for Domestic
and International Business

ATollin/hll
Policy Planning Div.
Office of Export Control
June 19, 1967
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cc: Signer

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